

Sun-Ranbaxy merger on hold: Indian High Court

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Singapore: In what was being dubbed to be one of the biggest consolidation attempt in the Indian pharmaceutical industry, the Sun Pharma-Ranbaxy merger has now being put on hold.

Following a petition filed by Andhra Pradesh investors in Ranbaxy, the Andhra Pradesh High Court has issued an interim stay on the merger of Ranbaxy with Sun Pharma.

"There shall be interim status quo, as prayed for," Justice P Naveen Rao said in his order issued in response to the petition.

The petitioners had requested the High Court to grant an interim stay as they suspect insider trading in Ranbaxy shares before the merger with Sun Pharma was announced on April 6. They requested the court to direct the Sebi to investigate the alleged insider trading and also to restrain stock exchanges from clearing to the merger of Ranbaxy with Sun Pharma.

As per the statement submitted to the court, more than 70 lakh Ranbaxy shares were traded before the merger was announced, pushing the share price by over 25 percent.

Sun Pharma spokesman is said to have informed the media that the High Court did not hear them before issuing the order. "We have not received any such communication. The matter related to purchase of shares of Ranbaxy does not violate insider trading rules. With regards to the petition filed, the matter is sub judice and hence we cannot make specific comments but we would be taking appropriate action as advised by our legal counsel," the spokesman said.

The two pharma companies, the Securities & Exchange Board of India, National Stock Exchange, Bombay Stock Exchange and Silverstreet Developers have been served notices by the court and asked to explain their actions. Silverstreet is a limited-liability partnership owned by two subsidiaries of Sun Pharma.

Sun Pharma has maintained that the matter related to purchase of shares of Ranbaxy Laboratories does not violate insider trading rules.